FY 2004 Annual Report Guidance

September 30, 2003

MEMORANDUM FROM

BARBARA TURNER	J. EDWARD FOX
Acting Assistant Administrator	**Assistant Administrator**
Bureau for Policy and Program Coordination	**Bureau for Legislative and Public Affairs**

We are pleased to transmit the attached Annual Report Guidance for Fiscal Year 2004. This marks the third year USAID will use the Annual Report to collect and analyze program and resource information for a variety of purposes including the Congressional Budget Justification (CBJ), the Agency's Performance and Accountability Report (PAR), and our Annual Budget Submission (ABS). The Annual Report has become the Agency's primary program reporting document; it serves to streamline the data required for a number of budget and performance reporting requirements.

First and foremost, the Annual Report collects information for justifying and formulating our FY 2004, 2005 and 2006 budgets, respectively. As we enter FY 2004 and begin discussions on FY 2005 programs and budgets, it is an exciting and yet challenging time for the Agency and foreign assistance in general. For example, while US involvement in Iraq and Afghanistan has provided an opportunity for USAID to demonstrate its ability to respond both quickly and adeptly to the changing development needs of today's political climate, our role in relation to the Millennium Challenge Corporation is still being discussed. As we await the outcome of the FY 2004 House and Senate Appropriations Bills, we face a formidable challenge over these next two years in maintaining existing programs, carrying out important Presidential initiatives, and ensuring that there are sufficient resources for key countries.

In addition to budget data, the Annual Report also collects performance information that will be used to report Agency progress against our Agency Strategic Plan. For the first time in our shared histories, USAID and the State Department have produced a joint Strategic Plan. In accordance with the Government Performance and Results Act (GPRA) of 1993, this joint Strategic Plan sets forth the priorities for both organizations in the coming years. The Plan supports the policy positions set forth by President Bush in the National Security Strategy and presents how the Department of State and USAID will implement U.S. foreign policy and development assistance.

As part of the joint Strategic Plan, a framework has been designed to serve as the basis for both organizations' annual budget submissions and performance plans at the Agency, Bureau, and Mission levels. Information in this year's Annual Report addresses this framework. For example, operating units no longer need to link strategic objectives to both USAID Objectives and State Mission Performance Plan (MPP) goals; with the new strategy, they are now the same. At the same time that USAID missions are preparing their Annual Performance Reports, Embassies will be working on their FY 2006 MPPs. It is therefore important for missions to coordinate closely with State counterparts to ensure consistency in the level of resources requested in the respective plans, as well as in the allocation of resources to strategic goals and objectives. In addition, new Performance Measures have been added this year to ensure that the Agency has a minimum of one Agency-level indicator for each performance goal under the new joint State/USAID Strategic Plan against which to measure our progress. Agency-level indicators are a requirement of the Office of the Management and Budget (OMB).

The Annual Report also contributes to USAID's management reform efforts. On the management side, USAID has made considerable progress in addressing the President's Management Agenda (PMA), a federal-wide initiative launched in September 2001 to improve performance in five management areas: 1) human capital; 2) performance and budget integration; 3) e-government; 4) competitive sourcing; and 5) financial performance. To date, USAID has recently received "green lights" for progress on performance and budget integration, e-government, and financial management and on our ability to utilize data from the Annual Report and other sources to showcase our Agency's progress. To help us further refine and demonstrate management reforms, this guidance also requests new information on operating expenses, workforce, and on the use of program funds to hire and support technical and administrative staff. This information will allow us to analyze the full administrative costs of program allocations, side-by-side with operating expense allocations to get a clearer estimate of the costs of managing programs.

We continue to refine the Agency's "strategic resource allocation model" to provide a framework for the program, operating expenses, and workforce resource decisions this Agency makes, and to assess performance and budget integration under the PMA. For the FY 2005 budget request, USAID used a model for program budget allocation (sometimes called the "strategic budgeting model") that focused on criteria such as country need, country commitment, foreign policy priority and USAID program performance. A test of this statistical model against our FY 2005 budget submission demonstrated that we are making considerable progress in aligning our resources with these strategic criteria. We will use these same criteria in developing the FY 2006 budget.

Unfortunately, the budget levels for FY 2004 will not be available to use for planning FY 2004 and FY 2005 until the FY 2004 legislation is passed and the FY 2005 pass back process is finalized. Should the Millennium Challenge Account legislation pass this year, the initiative will be in its third year by FY 2006. Please keep this in mind when submitting budgets. Once FY 2004 Operating Year Budget levels are known, we will share them with you and provide further guidance. We are hoping to have FY 2005 budget levels by the end of November 2003.

Given these uncertainties, it is nonetheless critical that you submit your Annual Reports by December 19, 2003. Our ability to accurately reflect your relative needs will depend very much upon your ability to provide accurate, timely, and measurable performance and budget information.

Thank you for your assistance in this important and valuable exercise.

Point of Contact: Any questions concerning this memorandum or the guidance may be directed to Parrie Henderson in PPC/SPP at 202-712-5672.

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Introduction

This message provides detailed guidance to field missions and other USAID operating units on the preparation of their FY 2004 Annual Report. As in the past, this report encompasses four fiscal years of budget data – FY 2003 actual, FY 2004 control, and FY 2005/2006 requests – and the FY 2003 performance data. The Annual Report narrative package, along with proposed budgets for FY 2004 through FY 2006, are due in Washington Friday, December 19, 2003. Because funding and staffing information for FY 2004 and beyond is dependent on Congressional and the Office of Management and Budget (OMB) actions, submissions may need to be revised after December19 to reflect those actions.

The information your operating unit will be reporting is used to construct the Agency's Congressional Budget Justification (CBJ), Bureau Program and Budget Submissions (BPBS), the Agency Budget Submission (ABS) to OMB, OMB's Program Assessment Rating Tool (PART), Annual Performance Plan and the Performance and Accountability Report (PAR). Please understand that USAID has no control over when it receives its pass back figures from OMB, nor does it have control over the deadline for submission of the CBJ. Both events impact the budget scenario, and USAID/W is aware that this makes completion of the AR by your operating unit more difficult.

The extent to which the Agency's interests are served depends on the timeliness, accuracy and quality of the information and data you submit. Limited portions of the Annual Report will appear on the Agency external website to describe Agency programs in each country. The primary purpose of the Annual Report process is to help USAID do its business better. For this reason it is essential that you provide timely and accurate data for fiscal years '04 through '06 as it will serve as the basis for regional bureaus to formulate their BPBS and will provide the basic data that will feed into the fall reviews of the Annual Budget Submission to OMB. The product of this process also addresses the needs of the mandatory external reporting requirements; however, it will not provide us with sufficient activity-specific information that is necessary to fully understand operating unit performance. Therefore, the Agency review of operating unit performance results will occur through triennial intensive reviews (see ADS 203.3.10). Nonetheless, by closely following this guidance, each operating unit's Annual Report will contain sufficient information to meet the performance-to-budgeting reporting requirements of the BPBS and the other requirements mentioned above.

This year's guidance, in contrast to last year's:

- Addresses the President's Management Agenda (PMA), with slightly altered budget tables responding to PMA requirements (the Program Personnel/Support Expenses table is being combined with the workforce attribution to Strategic Objectives table to reduce workload and increase the link between workforce and costs).
- Includes some new indicators in the Performance Measures table, and the table is now organized to correspond to the performance goals of the new joint State/USAID Strategic Plan

- Tests a new approach to operating unit self-assessment in response to suggestions from OMB.
- Adds primary and secondary emphasis area codes to the Annual Report Application as part of the Agency effort to minimize and streamline data reporting requirements. This will assign additional burden to OUs; therefore we strongly suggest that OUs begin working on coding as soon as they receive the AR application. The request will include not only most recent prior year actual data (FY 2002 and FY 2003), but also the current year (FY 2004) and for the planning year (FY 2005).
- At the back of this guidance, adds annexes with specific instructions intended to clarify some of the more complicated sections.

I.   Annual Report Outline

The Annual Report consists of six elements: (1) a cover memo from the head of the operating unit, (2) the Country Overview for use in the CBJ, (3) the Data Sheets for use in the CBJ, (4) the Performance and Budget Narratives, (5) Performance Data Tables and Results Frameworks, and (6) Resource Request Tables. These six elements should not be thought of as one fluid document -- sections will be extracted for the purposes above – and therefore, some repetition of content should be expected.

A.   *Cover Memo*

A cover memorandum of up to three pages is required. The Annual Report cover memo is *not* intended for distribution outside the Agency, and will *not* be posted on the Agency's website. It will be distributed to USAID employees and will be sent to the Development Experience Clearinghouse for archiving. Classified material should only be reported via classified cable. The head of the operating unit should address the cover memo to the Assistant Administrator of his/her Bureau.

The cover memo should address critical issues or changing circumstances that may alter the management agreement established between the operating unit and Washington as per ADS 201.3.10. The memo should include issues that the operating unit wants to call to the attention of Agency management and should specify the desired Washington follow-up actions. Examples: changes in country commitment that would justify Washington consultations or a change in the strategic plan; if your operating unit would like a parameters message to be issued by a certain date; performance situations that may require an evaluation; and experience with, assistance needed, or problems encountered in mainstreaming the use of public-private alliances in development activities. This memo should indicate in discrete sections (1) *proposed* changes to the strategic plan (if any; if not so state), (2) minor changes to the strategic plan made during the FY at the discretion of the operating unit, (3) major resource issues (i.e. program funding, OE, staffing), and (4) the list of SOs the operating unit will be notifying this year in their CBJ. Please see Guidance Annex I on page 22 regarding notification requirements. See ADS 201.3.11 for information on when consultation with Washington is required prior to making changes in an approved strategic plan. In addition, list evaluations that were undertaken in the past year and ones to be undertaken in the coming year.

B.   Country Overview for the CBJ

For assistance in completing the CBJ portions of the Annual Report, see the sample CBJ submission for "Freedoni" on the internal website at http://CDIE.USAID.gov/ar and on the external website at http://www.dec.org/partners/ar. Per request made by the field in the Annual Report post-mortem, considerable effort has been taken this year to strengthen the Freedoni model.

The Country Overview *must not* exceed two pages. It will be used for the country-specific sections of the Congressional Budget Justification. Remember this document is for a broader audience that may not be familiar with the country; do not, however, describe generic facts about that country (e.g. "Freedoni is a landlocked nation in central Africa…").   The Country Overview section will consist of the following narrative sections, all of which are required:

1. The Development Challenge: Write one short paragraph identifying key challenges by briefly describing the political, economic, and social context of the program. It may be useful to cite health and literacy statistics, debt burdens, factors that may impede economic growth in general, country commitment based on the MCA criteria of ruling justly, investing in people, and economic freedom, or program success in particular. Field missions should emphasize U.S. national interests and USAID contributions to USG policy priorities as well as political will and the quality of host country partnership.

2. The USAID Program: This section should summarize the principal objectives of the operating Unit's program, in particular, how the program is structured to address the development challenge above. Briefly characterize the involvement and capacity of both the government and the private sector, and other nongovernmental institutions. Highlight those areas that address specific Congressional interests as they pertain to your program. Contact your Washington program office or see Section III for information on what interests pertain to your program.

3. Other Program Elements: To provide as complete a picture as possible of USAID assistance in a country, field missions should identify/describe other programs active in the country managed by the pillar bureaus, regional missions, and regional bureaus but not funded or managed by the mission submitting the Annual Report. Missions should use the database on Activities Not Managed in Country to help with this effort (http://cdie.usaid.gov/pmdb/npc_form.cfm). Please see Guidance Annex I on page 22 for more information. In cases where there are many such activities, missions should discuss them by pillar in summary fashion. It is not necessary to describe each individual activity. Submission of this information does not constitute congressional notification of these programs. That notification will be provided separately by the managing bureau.

4. Other Donors: This section should identify the key interest areas of other bilateral and multilateral donors. Identify donor rankings relative to resource levels (i.e., first, second, third, etc. without identifying specific dollar amounts.)   Identify areas of joint effort and/or coordination with USAID.

C. ***Data Sheets By SO for the CBJ***

Please submit one Data Sheet of not more than two pages for each SO for which you plan to obligate resources in FY 2004 or FY 2005. Do not submit a Data Sheet for SOs for which you are not requesting any funds. The Annual Report Application provides you with the correct format for the submission. Do not attempt to change the format or the headings. Any discrepancies in the format will be resolved in Washington via re-programming of the database. Subsection headings are as follows and all are required:

1. Header: The header contains the following information: USAID Mission (or Program); Program Title; Pillar; Strategic Objective; Status; Planned FY 2004 Obligation; Prior Year Unobligated; Proposed FY 2005 Obligation; Year of Initial Obligation; Estimated Completion Date. The headers of the CBJ Data Sheets are contained in the Annual Report application and will be prepopulated for SOs that appeared in last year's submission. For the program title, continue to use a short, reader-friendly title easily understandable to outside audiences.   SO names and numbers are available at http://CDIE.USAID.gov/ar. The list will include the objective number, the program title as it appears in the CBJ and the full objective name. For questions on SO numbers, please contact the person designated by your Bureau.

2. Summary: Describe the main functional areas of assistance under each SO (See Freedoni example of format).

3. Inputs, Outputs and Activities: Operating units should distinguish between the FY 2004 and FY 2005 programs. While the description of the FY 2005 program may indicate a degree of remaining uncertainty about precise implementation plans (e.g. by saying that funds are "to be used" or "may be used," or that USAID "plans to use," etc.), the description of the FY 2004 program should include unambiguous statements of how the funds "will" be used. Emergency programs may have to use uncertain language for both years.

Within each fiscal year, describe your program by the main functional areas of assistance. This breakout may follow your principal Intermediate Results (DO NOT, however, use IR names!) or it may follow some other useful way the operating unit has for categorizing its program. For each area, please add the approximate amount of funds you intend to devote to that area by fund account.

If you have stated prior year unobligated amounts in your header and can break out where they will be used by functional area, please do so. If these carryover funds are being used for the same purpose previously notified as their intended use, mention of this use here merely provides a fuller explanation of how you plan to use the funds in your header. It is not a renotification. If instead, the planned use of carry over funds differs from the use intended when they were last notified, this CBJ does serve as a renotification and the affected SO should show as one being renotified in the CBJ.

For each functional area, please describe in terms understandable by the general public how the funds being requested will be spent, (i.e., five training courses) and the immediate impact to be achieved with these resources (e.g. we expect to train over 100 judges [% male, % female] in court

administration). Do not use general statements such as, "USAID/Freedoni will provide *support* to NGOs." Tell us what *kind* of support. Although P.L. 480 resources are not included in the financial tables, please discuss P.L. 480 inputs, outputs, and activities and a brief description of the contribution and effectiveness of these resources to achievement of the objective and to enhanced food security in the country. <u>Do not</u> include P.L. 480 budget figures in the text.

By functional area, if this is an ongoing program, list the principal contractors and grantees and their major subcontractors or subgrantees. Distinguish clearly which are primes and which are subs. Note: If there are many contractors/grantees/subcontractors/subgrantees, you need not list all of them, just the principal ones. If the same primes and subs are used in all functional areas, state simply in each functional area that they are the same.

These Data Sheets constitute formal Congressional Notification of USAID's intent to obligate FY 2005 resources for the activities and purposes described therein unless the Congress otherwise requires separate notification. The CBJ thus becomes the basis for all future notifications. As agreed with the Appropriations Committees, FY 2004 funding levels published in the FY 2004 CBJ continue to serve as notifications for ongoing programs unless there has been a modification that would require renotification in this year's FY 2005 CBJ. If there have been such changes, please <u>describe</u> them here in a manner that clearly states what is different.

Supplemental narratives should be mentioned in the Data Sheet again if a program received supplemental funds in FY 2003 and FY 2004. Also, Missions could mention supplemental funding received in FY 2002 when such funds have enabled the start-up of a specific activity and when FY 2004 New Obligating Authority (NOA) funding will continue for this activity.

4. <u>Performance and Results</u>: In no more than one short paragraph (you will be asked to provide detailed performance information in Section D below), highlight USAID progress to date toward the principal results to be achieved through this program. Then, excluding emergency programs, with successful completion of this SO, what end-state can we expect?

D.   *Performance Narratives*

In preparing this section, please refer to the <u>Freedoni</u> example Performance and Budget Narrative for "Freedoni" on the internal website at <u>http://CDIE.USAID.gov/ar</u> and on the external website at http://www.dec.org/partners/ar.

1. <u>Program Level Narrative</u>: This section is an informative synopsis of a current program.

a) **Program Performance Summary. (FY 2003) Two to four pages.** Principally a document for public information, this section will be posted on the Agency external website to describe our country/regional programs and will provide input for inclusion in Agency level reporting (the APP and PAR, the new OMB Performance Assessment Rating Tool, etc.). For this section you must submit ONLY unclassified, nonsensitive information that can be shared with the public. You may be asked to resubmit any information that does not fully address the needs above. Guidance Annex III: *Program Performance Summary Checklist* on page 24 provides a checklist with the information that should be included in this section. This section is required.

b) **Environmental Compliance**. One-half to one page. This section will not be posted to the external website. Mandatory contents for this section are contained in Guidance Annex IV on page 25. This section is required.

c) **Country Close Out and Graduation**. Units scheduled to close out between FY 2004 and 2006 will receive separate guidance from their bureaus with specific information on what to include related to close out or graduation in the Annual Report. The separate guidance will also state whether or not this section will be posted on external websites. This section is required only for those programs scheduled to exit between FY 2004 and 2006.

2. SO Level Narrative: This section will not be posted on the Agency external web page. Operating units may, however, edit material contained in this section for their own use in-country. The purpose of this section is for operating units to provide Strategic Objective specific information that will provide input for Agency decision-making on programs and resources and for inclusion in Bureau- and Agency-level reporting. This section provides information for the BPBS, the APP, the PAR, and the new OMB Performance Assessment Rating Tool. Operating units are encouraged to provide unclassified, but candid detail on their SOs.

a) **Linkages**. This summer, OMB approved the first ever joint State-USAID Strategic Plan. Henceforth, all USAID Strategic Objectives must link to one of the performance goals in the new strategic plan. These goals are included in the Annual Report Application. For each SO, against which you will obligate funds in FY 2004 and beyond, please select the performance goal that best links to your SO from the drop-down menu. This link will allow you to map USAID's performance and budget to the performance goals of the joint plan. This information is critical for compiling the Agency's statement of net costs. Resources within an SO will be linked to only one performance goal through the link you establish here. Therefore, when you prepare your resource request budget tables, it is imperative that you consult with the embassy to ensure that the appropriate link has been chosen in this section. We anticipate that this shift will present new challenges for operating units, particularly those with SOs that contribute to multiple performance goals.   Although you may select only one primary performance goal, please note that in the Performance Measures table you may select as many of your SOs as you wish that produce performance measures that contribute to the achievement of the performance goal. This section is required.

b) **Narrative**. Two to three pages per SO. There is no prescribed format for the presentation of the information contained here and the presentation in the Freedoni model should only be considered a guide or example. Discuss SO progress on meeting targets for the indicators in the required indicators table. If the SO did not meet its targets, operating units *must* describe the management and/or budgetary steps they are taking to address this situation. Operating units should indicate how this assessment compares with prior years. If the assessment shows that the SO consistently fell short or consistently exceeded targets, state what steps are being taken to address this situation. If poor performing grantees/contractors were involved in this assessment, indicate what is being done (without naming the implementer). Describe whatever you feel is necessary for USAID/W to know about the SO, but focus on performance. Candor is essential. In cases where an "old" SO is still expending, or where an SO has been replaced

by a "new" SO in the same sector, operating units must still report on the old SO but may do so in an abbreviated fashion. To aid in preparing this section, Guidance Annex VI on page 27 contains a checklist of elements that should be included here. This section is required.

c) **Strategic and Special Objective Close Out Report**. Two to five pages. USAID must have information on what has been accomplished over the life of an SO, specifically what is now different as a result of USAID's efforts particularly relative to what we had intended to achieve. Where the SO is no longer being implemented and funded, operating units MUST prepare a "close out" report, per the guidance in ADS 203.3.11. Generally, these reports are done as an attachment to the Annual Report. If it is not possible for you to include the close out report in this year's Annual Report, then operating units must state in their cover memos when the close out report will be submitted. Work with your Washington program office to set this date and to establish format and content.

3. SO Indicators: This section is required but will not be posted on the external web site. It replaces the Performance Assessments of previous years. As a result of suggestions offered by OMB regarding the efficacy of USAID's system of self assessing performance, we are testing a new approach to collecting performance information. It is an effort that will present new challenges for your operating unit but which we hope will provide a more robust approach to performance assessment. We will not be using the self-assessments of "failed to meet," "met," or "exceeded." Instead, and contrary to the guidance provided last year, we are **requiring** that operating units complete the indicator table that was optional last year for each SO for which it will be reporting results. Furthermore, the indicators in the table **must** be the indicators for each SO that the mission selected in January 2003 against which performance would be measured (an e-mail sent from PPC on January 24, 2003 reminded operating units to select their indicators). Operating units were instructed to set written targets for all indicators that will be used to answer the question whether each SO exceeded, met, or did not meet its targets [ADS 203.3.8.2.b]. The indicators you were to select were to be chosen from among the indicators in your performance management plan for each strategic objective. If you did not get them in place, you may have audit vulnerability.

On the Indicator Table page of the application, we have added a drop down box that identifies the status of the SO. For new SOs for which there may be no performance data, select "new" from the drop down box so that we know not to expect data, but, to the extent possible, please enter indicators you will be using to measure the performance of the SO and the corresponding baselines and targets. If you have a program support objective (which is also not required to report data) please select that option from the drop-down menu.

Also new to the table on your indicators is that you will be asked to apply a weight or ranking to each indicator in the table dependant on the closeness with which the indicator tracks performance, you will be asked to provide a baseline year and data, and a date for your last data quality assessment. Please see Guidance Annex V on page 25 for further instructions on how the indicator table should be filled out and the Freedoni SO performance narrative for examples. None the less, if the indicators presented demonstrate that, overall, the SO failed to achieve its objectives, the OU must include a discussion in this SO narrative section as to why the objectives were not met and what will be done to overcome the difficulties in the future. The discussion should address the

specific causes of failure, and not give generic statements, such as 'the targets were over-ambitious'.

4. Other Agency Reporting Requirements "Heads Up": For the topics below, except for the GCC budget table and data on results achieved through public-private alliances, you will be asked to submit information separately from the Annual Report according to the deadlines established below.

a) **Global Climate Change (GCC).** There are three parts to this requirement: (1) GCC budget information, (2) a narrative, and (3) indicator tables. Please submit GCC budget information with the other budget tables in the Annual Report electronic database application. Submit the GCC narrative and indicator tables directly to Carrie Stokes no later than February 15th, 2004. The guidance for preparing the narrative and tables will be provided to GCC technical officers and their program officers directly by Carrie Stokes. The GCC reporting requirement is mandatory for those missions, Regional Offices, and Washington-based programs that attribute financial resources toward the Agency's Global Climate Change Program, and will be used to construct the Agency's annual Global Climate Change report for Congress. Questions regarding GCC reporting requirements should be sent to Carrie Stokes: cstokes@usaid.gov.

b) **Security Requests**. The Office of Security (SEC) will send a cable on or about March 1, 2004 to request USAID security program funding requirements from all missions. This will require that USAID operating units state their anticipated security requirements (e.g. facility expansion or relocation, armored vehicle and communication system needs, and anticipated number of background investigations to be conducted). USAID Directors will be required to provide a comprehensive security assessment of their missions. None of the mandatory security assessment is to be sent with the Annual Report Application. Please make preparations for this eventuality as you prepare your resource request. Questions regarding this reporting requirement should be sent to mailto:hmanchester@usaid.gov**.**

c) **Microenterprise**. The Microenterprise Results Reporting (MRR) system -- website www.mrreporting.org -- will continue to be the official mechanism for Agency collection of microenterprise data. The MRR contact persons in missions will receive e-mails in October-November 2003 by Weidemann Associates (currently the contractor responsible for implementing MRR) to request electronic submission of FY 2003 obligation data and obligation projections for FY 2004 through FY 2006 along with contact data for collaborating institutions. Institutions with continuing agreements drawing down earlier funding and institutions that received USAID obligations in FY 2003 will be expected to submit institutional data. Institutional data will be requested in early February 2004 allowing for the close of fiscal years ending in December. For additional information, contact Sharon Williams at mailto:swilliams@weidemannassoc.com or John Berry in USAID's Office of Microenterprise Development. None of the MRR is to be sent with the Annual Report. Please note, however, that some microenterprise information will be requested in some takes of the Annual Report.

d) **HIV/AIDS Programs**. See Supplemental_References "h" and "i" for the Guidance on the New Monitoring & Reporting System Requirements for HIV/AIDS Programs and the Expanded

Response Guide to Core Indicators for Monitoring and Reporting on HIV/AIDS Programs, respectively. Countries have different reporting requirements depending on whether they have 'priority' or 'basic' HIV/AIDS programs. Countries with 'priority' programs include: Brazil, Cambodia, Dominican Republic, Ethiopia, Ghana, Guyana, Haiti, Honduras, India, Indonesia, Kenya, Malawi, Mozambique, Namibia, Nepal, Nigeria, Russia, Rwanda, Senegal, South Africa, Tanzania, Uganda, Ukraine, Zambia and Zimbabwe. These countries will have additional reporting requirements, as transmitted in the HIV/AIDS monitoring and reporting cable. Regional Bureaus may require that other missions in their respective regions also follow the expanding reporting requirements.

Operating units with 'basic' programs are required to report annually against the indicators in the Performance Measures table to the extent that such reporting is feasible. See section I.F.1 below for additional information. Questions regarding the HIV/AIDS data requirements for this Annual Report cycle should be sent to John Novak, GH/HIV-AIDS, (mailto:jnovak@usaid.gov).

e) **Global Development Alliance**. To supplement the results reporting on public-private alliances under the GDA business model mandated in this guidance, the Agency maintains a separate database on GDA activities as a means of documenting: (i) the extent to which GDAs are being used in on-going Agency programs, by country/region or pillar bureau, sector, and program type; (ii) the range of alliance partners and partner types currently participating in Agency-funded alliances, and their roles and responsibilities in each alliance; and (iii) the nature and amount of partner contributions which are being leveraged in support of USAID program objectives. Such data are routinely requested by various external audiences, and are also needed for internal assessment of the Agency's progress in implementing the GDA initiative. To maintain this database as current as possible, the Agency will implement a web-based reporting system which affords project managers an efficient and user-friendly mechanism for entering and updating basic data on each alliance entered into by the mission or office. It is expected that this system will be rolled out by November 1, 2003. Further information will be provided as the roll-out of this system approaches.

f) **Success Stories**. Unlike previous years, USAID will not be collecting success stories through the Annual Report process this year. Instead please submit your success stories through USAID's web-based tool for story collection, www.usaid.gov/stories with copies to the program offices in your respective bureaus.

g) **Presidential Initiatives**. Though operating units should report on Presidential Initiatives under the appropriate Strategic Objective and clearly indicate the results achieved with the Presidential Initiative funding, operating units participating in Presidential Initiatives must also report quarterly via the Online Presidential Initiative Tracking System (OPIN).

E.   *FY 2004/2005 Resource Request Narrative.*

This section should be from two to five pages. This section will not be posted on the external website, but will be made available to USAID personnel on the internal web. This section of the Annual Report initiates the Agency's budget formulation process for the FY 2006 budget cycle.

Sharing of information contained in this section outside the Agency constitutes a violation of OMB circular A-11.

1. Budget Outlook: WHAT YOU NEED TO KNOW. FY 2005 country and program levels, as well as any changes to account structure, will be negotiated with OMB and State during the fall 2003. This will establish the basis for the FY 2006 budget and program. Information will be provided as it becomes known. For those interested in reading last fiscal year's submission (ABS FY 2005), please find the link to it in Supplemental_References "j" on page 17.

OUs should structure their resource requests with an eye toward Presidential Initiatives. Refer to the OPIN web site at http://www.usaid.gov/about_usaid/presidential_initiative/. Operating units should discuss as appropriate. Contact your program office if additional information is needed on these initiatives.

The Agency increasingly sees public-private alliances as a critical way for USAID to expand development success with declining resources and promote collaboration rather than duplication and inconsistencies among those seeking to have a development impact.

We would like to remind Missions of the availability of a pilot program to finance infrastructure projects with mixed credits. USAID/W (PPC) sent Missions and Posts cable 103493 (date: April 4, 2003, Subject line: Financing capital projects in developing countries: USAID – EXIM Pilot Program) describing how the pilot would work. We encourage eligible Missions to consider using mixed credits as they plan their activities for FY 2005 and beyond. There is keen interest in showing that the pilot program works, as it provides a unique opportunity for the Mission to leverage its funds in the financing of infrastructure projects.

2. Operating unit Request: WHAT YOU NEED TO TELL US. All sections below are required.

a) **Rationale and Justification:** The basic rationale and justification for your budget request are in your approved strategic plan. You do not have to repeat that rationale. In this section you should indicate whether circumstances have significantly changed since strategic plan approval; you are subject to important earmarks, directives or initiatives; you are proposing alternative budgets; you are pursuing public-private alliances; or a conflict vulnerability assessment has been completed since your strategic plan was approved please discuss them in your request. A checklist has been provided in Guidance Annex VII on page 28 specifically to deal with the requirements of this section.

If none of these apply to your operating unit so state in this section and only advise how performance has affected your budget request. If you are not pursuing public-private alliances, please explain what problems exist that impeded your ability to pursue this resource-leveraging approach and any other relevant factors.

Please consult with your Bureau program office to determine earmarks, directives or initiatives that need to be addressed.

b) **Pipeline.** Explain any inconsistencies between actual pipeline levels as of September 30, 2003 and Agency forward funding policy presented in ADS Section 602. (Pipelines, except under certain conditions, may cover up to 12 months of planned expenditures beyond the fiscal year. That is, obligations generally should fund projected expenditures through the end of the fiscal year following the fiscal year in which funds are obligated for ongoing programs.) Describe corrective actions being taken, exceptions to the forward funding policy being requested by the operating unit, and how pipeline levels projected through the planning period will be consistent with the forward funding policy.

c) **Decommitments.** Deobligations and Decommitments (MACS terminology for "de-subobligations"). Unliquidated obligations must be monitored to ensure that balances are deobligated when no longer needed for the purposes for which they were initially obligated. Provide a statement on how your operating units will handle deobligations as well as decommitments from contracts and grants under a SOAG. Both ongoing and expired obligations and commitments should be reviewed to identify unexpended balances that are no longer needed. Planned decommitments should be considered in resource requests. See ADS 621.3.9 621.3.12, and 621.3.15 for information related to the review and deobligation of unexpended balances. The Deobligation Guidebook, internal mandatory reference to ADS 621, Obligations, provides detailed guidance on the deobligation process for bilateral program-funded obligations in paragraphs V.C.1 and V.C.2.

d) **OE and Workforce**. Please provide a narrative justification for all resource requirements for OE and Workforce for FY 2005. Identify increases in costs that are uncontrollable regardless of program changes. This will provide a basis for justifying increases in support budget levels to the Department of State, OMB and Congress. Tell how the configuration of operating unit staff relates to the Strategic Plan and what adjustments, if any, are required for a better fit. Address outstanding management issues and provide a timetable for resolving those issues; identify and quantify recurring security costs, for example, guard cost increases utilized to address terrorism (physical, chemical, biological). If you identified a conflict situation in Section I.D.1.a.v., what are the OE implications? Relate any outstanding issues for mission expansions or closures and related costs, if any. Identify Foreign Service National pay or other non-pay issues promulgated by USG, other government and non-government initiatives. Discuss the relationship for the program request to OE and staffing requirements, including "critical" staffing requirements and justification for resource requests (workforce or OE) that exceed control levels (target level). Please note that we intend to establish a more direct and rational link between operating units' program funds and operating expenses (including staff). The allocation of OE resources frequently does not correspond to changes in program allocations. Bureaus will be asked to justify anomalies; operating units may wish to address such inconsistencies. Information we obtain here will be used in responding to the President's Management Agenda and scorecard effort. Reminder: The Agency recognizes that to manage resources leveraged under the GDA approach, it may be valid to allocate staff and OE out of proportion to the USAID resources allocated to that effort. Please address those cases where your OU or bureau has determined it is advantageous to allocate increased staff to manage activities involving relatively low USAID funding where significant other resources are involved.

e) **Program Funded Personnel and Support**. Please provide a narrative description of your anticipated use of program funded personnel staff in 2003 (already passed) through 2005. This narrative should relate to the tables in sections I.G.3 and I.G.4 and describe the different general functions of program funded staff, i.e., USPSCs, local hire FSN, PASA, TAACS, that are reported in the "Quarterly USAID Worldwide Staffing Pattern Report". In particular, how is program-funded staff aligned with the OE funded staff within the mission for overall program management? Please detail any anticipated changes to the program-funded staffing levels envisioned within 2005. Please describe any other anticipated significant uses of program funds, in addition to personnel, which support mission operations or oversight. This information is critical to helping us assess Agency total administrative costs and how to fund them. Questions regarding this reporting requirement may be directed to Eileen White, PPC/RA.

F.   *Performance Measures Tables and Results Frameworks*

Both sections below are required.

1. Performance Data: To fulfill the Agency's Government Performance and Results Act (GPRA) reporting requirements, for use in the Performance and Accountability Report, to measure progress on the new joint State/USAID Strategic Plan, and to provide measures for use in the OMB PART, all operating units must complete a table contained in the application on "Performance Measures." To respond to the Joint State-USAID Strategy and as a result of the PART, new indicators have been added for each performance goal of the new joint strategy. Specific information on this requirement is included in Guidance Annex VIII on page 29.

2. Results Frameworks: As discussed in ADS 201.3.11.3, operating units have the option in certain circumstances to alter Results Frameworks without consultation with USAID/Washington, but must indicate where these changes were made. To keep records current in Washington, operating units must provide their revised results frameworks. The Results Frameworks should include at a minimum the SO statement and SO-level performance indicators, and intermediate results statements.

G.   *U.S. Financing, SO Appropriations, Workforce Planning, OE, ICASS Working Capital Fund, Trust Fund and FSN Voluntary Separation, Controller Operations and GCC Budget Table*

There are seven basic data tables required for program, operating, and workforce expenses, and a table for GCC countries. This data will be collected through the budget application tool. Budget data is predecisional and is not for public release (see ADS 201.3.13).

FY 2004 and FY 2005 control levels will be provided separately by your bureau. For the MPP, State Department requires that all country team members supply an additional out-year of budget and workforce data.   However, we are not including a FY 2007 table for this purpose. If you need to prepare FY 2007 projections for your MPP, consult your bureau regarding the levels to use.

Please refer to the glossary of budget terms provided in the application if you have any questions about the definition of the type of budget category we are requesting (i.e. obligations v. appropriations, etc), or if you have questions about what type of data you should be putting where.

1. U.S. Financing. This table appears with each Data Sheet in the CBJ. Operating units are requested to fill out the top portions (reflecting actual obligations and expenditures) before completing any other table, as information here will feed into the SO Appropriations Table. Bottom portions of the U.S. Financing Table, in turn, will be filled in automatically from the SO Appropriations Table. The U.S. Financing tables are for entering obligation and expenditure data (not appropriations data). If you have questions about the definition of these terms, see Supplemental_References "f" on page 17, or contact your bureau program office.

2. SO Appropriations (Program Request by SO). This section breaks out each SO by the Agency's goal/strategy areas. These tables must be filled out for each of FYs 2003 to 2006 (FY 2002 data will be pre-populated for you in the application). All tables should reflect actual appropriated levels, or request levels, as appropriate. Do not include obligations data here. If you have questions about the definition of these terms, see Supplemental_References "f" on page 17, or contact your bureau program office. For the out-years, please use the FY 2005 control and FY 2006 request tables for your main data-entry, not the "alternate" tables!

Separate years and accounts are generated using drop-down menus, including FY 2005 and FY 2006 alternative options for those bureaus that use that breakdown (see Bureau Specific Guidance below).

End-of-FY pipeline data is calculated from starting-year pipeline plus carry-over plus new appropriations less estimated SO expenditures. End-of-FY pipeline for one year will then become the starting year pipeline for the next FY. Given Agency and OMB interest in pipeline oversight, and to address ADS 602, particularly sections 602.3.6 and 602.3.7 on program management as applied to proposed funding levels, it is critical that operating units take seriously their efforts to estimate SO expenditures and to adjust them each time they make adjustments to the appropriation levels in the SO appropriations table.

When operating units request program funds for each SO, the level requested should include estimated/anticipated program funded ICASS costs. Regional Bureaus are also reminded to request funds accordingly when preparing regional SO submissions where annual program ICASS requirements are not met through bilateral programs.

For those operating units receiving supplemental appropriations there will be an additional sub-table for you to complete to account for those funds. Access this sub-table through the "Supplemental Appropriations" button on top of the main SO Appropriations screen. For each SO that received supplemental funding, specify the name of the supplemental and the amount. Note that doing this does not affect the entries on the main screen; the supplemental table merely records the portion of the total appropriation for a given SO that was derived from one or more supplementals.

The SO Appropriations table will also be used to collect primary and secondary emphasis coding for 2002 - 2005. In these years, the sub-tables for each pillar will have an associated Emphasis Coding screen. On the primary coding tab, the values entered for each sub-sector will appear, together with the primary codes commonly associated with that sub-sector. If necessary, you can also select from a list of the remaining primary codes using the "Other Codes" button.

The secondary codes are entered in a similar manner, the difference being that there is no requirement that the entries will add to the total for a given SO. Secondary codes are "cross-cutting", in the sense that an appropriated dollar might be assigned many secondary codes. See the Coding Definitions and Contacts in [Supplemental_References](#) "k" on page 17 for a list of codes and definitions.

3. Workforce Planning: USDH and non-USDH Staffing Requirements. This section covers all categories of personnel that are reported as part of e-World. Historically, this table has been used exclusively for the development of the FY 2005 Foreign Service recruitment plan. This year, additional information is being collected to respond to requirements of the PMA.

USDH Staffing Requirements: Show the requests for USDH in each occupational backstop as of the end of FY 2004 - FY 2007. Requested levels should reflect the Mission's "to be" organization and not the status quo. These data are essential for M/HR to design a recruitment plan that meets the Agency's future needs. For FY2004-FY2007, the requests should match the position requirements for the operating unit's Strategic Plan without regard to the backstop of the current incumbent. GDO positions should be listed under the backstop that reflects the primary discipline of the position. RUDO positions are covered under Backstop 40. It is crucial that each operating unit consider the work that needs to be done and the skills needed to do it rather than the backstops or employment categories (e.g. USDH, FSNPSC, USPSC, etc) of the employees currently on board.

Non-USDH Staffing Requirements: Show the number of non-USDH by category and the occupational backstop that most closely reflects the work being done. For effective workforce planning, the Agency needs to know total staffing requirements, not just USDH requirements. It is crucial that each operating unit consider the future work that needs to be done and the skills needed to do it rather than the backstops or employment categories (e.g. USDH, FSNPSC, USPSC, etc.) of the employees currently on board or the current positions. In other words, staff requirements for the "to be" mission, not the "as is" mission.

New Workforce Requirement: We are consolidating this table with the table on Program Funded Personnel and Support Expenses that was required last year to capture the estimated full cost of various functions in an operating unit from program management to mission support. Guidance Annex IX on page 31 provides specific guidance on complying with this requirement.

4. Operating Expenses for Overseas and Washington Operating Units. Show the proposed use of OE and trust fund resources by resource category for the FY 2004 estimate, the FY 2005 target, and the FY 2006 request levels. For FY 2006 OE, the target level should be straight-lined from your allocation for FY 2005. The request for FY 2006 should reflect an amount that takes into account the base and increases. **All amounts are to be reported in thousands of dollars.** Budget

levels for ICASS should be computed as follows. FY 2004 ICASS requirements should be based on final FY 2003 bills times 6.8 percent. FY 2005 ICASS requirements should be computed by multiplying the FY 2004 figure by 6.5 percent. The FY 2006 ICASS requirement should be derived by multiplying the FY 2005 figure by 6.5 percent as well.

New OE Requirement. On the main table above, new line items have been added to capture local currency payments and exchange rates. This information will help provide the basis for evaluating the impact of fluctuating exchange rates on missions' buying power.

5. The ICASS Working Capital Fund. This table should be used by overseas operating units that are/or will be an ICASS service provider. This table should reflect the amount that the Agency will be reimbursed for the services that are provided. Include costs associated with providing OE-funded operations, USAID program operations and other customer agencies on post. Please note that the first line of the Table is for Washington-Funded Salaries and Benefits. If a USDH allocates time between providing ICASS services and providing non-ICASS support, the estimated salaries related to ICASS would be reported on this line.

Report in the Operating Expenses Table, under the ICASS line item, the sum of estimated OE ICASS charges payable to the Department of State as well as the estimated costs for ICASS services provided by the mission to OE funded operations.

6. Trust Fund and FSN Voluntary Separation Payment/Withdrawal Information. This is used only by overseas missions and shows (a) availability of local currency trust funds and (b) deposits to and withdrawals from the FSN voluntary separation account. Please note that if an overseas unit shows obligations under object class 12.1 on the OE table for FSN voluntary separation (FSN direct hire or FSN PSC), then the FSN voluntary separation portion of this table must be submitted. The OE totals on this table must match the total FSN voluntary separation amounts for FSN direct-hire and FSN PSCs on the OE table. Also, exchange rates used in computing the dollar equivalent of local currency trust funds must be provided--this information is required to be included in the Agency's Budget Justification.

7. Controller Operations. This is in the same format as the overseas OE table, but is to reflect only those costs associated with the office of the controller at overseas missions.

8. Global Climate Change. Each GCC mission must complete the GCC budget table, which requests data on obligations by country, strategic objective, and fund account for activities conducted in FY 2003 and 2004 and estimates for FY 2005 and FY 2006.

II.   Submission Requirements, Format, and the Application

1. The Annual Report is due in Washington on December 19, 2003; as usual, budget planning will require an iterative exchange with operating units that may require some budget information be sent subsequent to the narrative. All portions of the Annual Report will be submitted through the same application as last year. Use of this application is mandatory. See Guidance Annex X below.

2. All operating units are required to submit complete Annual Reports unless they do not need program funds and/or OE funds after FY 2004. Those OUs that do not need funds after the current year should submit a review of the results they have achieved per applicable sections of Section I above. Non-presence programs with defined country-level Strategic Objectives are also required to submit a separate Annual Report. Washington Program Offices will identify the OUs responsible for preparing these Annual Reports.

3. Do not include any graphics, tables, text boxes, bullets (you may substitute dashes for bullets), or photographs in your narratives. The Annual Report Application will allow you to generate a Word document for printing and viewing purposes. This document may also be saved to a file at which time you may add photographs, tables, text-boxes, and graphics for any purpose the operating unit deems appropriate.

4. The required font, margins and headings are built into the Annual Report application.   Do not even *attempt* to reformat them. We regret that this application does not allow you to use foreign letters or accents; this is a technical issue, not a policy issue.

5. Operating units should avoid acronyms wherever possible, as they are not necessarily known by USAID/Washington, by Congress or the general public.   Operating units are encouraged to spell out acronyms the first time they are used.

6. Submit only the electronic application. Do not send MS Word documents, MS Excel files or password-protected documents.

7. Cases of conflicting or unclear supplementary guidance should be reported to David Eckerson and/or Parrie Henderson-O'Keefe, PPC/SPP, and copied to your Regional Bureau for resolution.

8. The application will be sent via e-mail as was done last year to each operating unit's system administrator for installation. The application will be sent to one system administrator only because of its size. Installation instructions will be included in the email message. For planning and coordination purposes, the program office and budget office contact persons will be sent a separate email message informing them as to when the application was sent to the system administrator. In response to greatly increased reporting requirements for coding below the SO level, operating units should decentralize reporting of SO budget data by also having the application installed with SO team leaders or activity managers. The application will be sent as soon after September 30th as possible, but if you have not received it by October 20th, there may have been a problem with transmission and you should contact ARApp@dec.cdie.org as soon as possible. Operating units can also submit a request to mailto:ARApp@dec.cdie.org to have a CD-ROM copy of the application mailed to them. Operating unit program officers, program budget analysts and/or controllers will be contacted with specific information on how to use the application. Specific instructions for filling out the application, as well as a description of the improvements that were made to the application from last year, are available from the website: http://CDIE.USAID.gov/ar. Although we are using the same application as last year, improvements and updates have been made that may require additional updates and modifications. We are making every effort to keep these to a minimum.

9. The application will be pre-populated with some prior year budget data as well as each operating unit's list of Strategic Objectives based on the SO submitted in last year's Annual Report.

10. Once your operating unit has finished entering information, the application is to be returned to the same location in Washington via the e-mail function included in the application. DO NOT send the application to any other address. DO NOT send it to your desk officer or anyone in PPC. All country applications will be consolidated for each Bureau and forwarded to that Bureau.

Your first contact for questions on any part of this guidance, including questions about this application, should be directed to your bureau contacts as designated in the Bureau Specific Guidance. However, e-mails sent to your bureau contacts may copy the application programmers at mailto:ARApp@dec.cdie.org. In emergencies, phone inquires on technical aspects of the narrative portions of the application can be directed to Chris Wolter-Nagle at 301-562-0641 extension 104; inquiries on the budget portion can be directed to Scott McKissock at extension 142; questions regarding how to run or install the application can be directed to Dennis Nagle at extension 150. Before calling for assistance, first try to leave the application and re-enter it to see if the problem still exists.

11. *Application Basics*. Please see Guidance Annex X on page 31 for basic information on the application.

12. Supplemental References.   The following information on Annual Report preparation is available on the Intranet web page at http://CDIE.USAID.gov/ar. Partners will be able to access Annual Report guidance and related support materials at the following external website: http://www.dec.org/partners/ar. All Supplemental References will be available by October 10, 2003.

   a) A mock CBJ submission for the fictitious country of Freedoni
   b) A mock Performance Narrative and Budget Narrative for the fictitious country of Freedoni
   c) Joint State/USAID Strategic Plan
   d) User Help Guide for Application
   e) Policy on Description and use of Child Survival and Health funds
   f) Glossary of commonly used terms in this guidance
   g) USAID Editing Instructions
   h) Guidance on the New Monitoring & Reporting System Requirements for HIV/AIDS Programs
   i) Expanded Response Guide to Core Indicators or Monitoring and Reporting on HIV/AIDS programs
   j) ABS FY 2005
   k) Coding Definitions and Contacts

Frequently Asked Questions and clarifications/additions to this guidance will be posted at: http://CDIE.USAID.gov/ar and http://USAIDResults.org.

III.   Bureau Specific Guidance

A.   *Africa Bureau*

Submission Information: REDSO/ESA will be expected to submit Annual Reports for REDSO, Burundi, Djibouti, Somalia, and Sudan. Guinea will be expected to submit Annual Reports for Guinea and Sierra Leone. DROC will be expected to submit Annual Reports for DROC and the Central African Regional (CAR) Program.

FY 2005 Alternative: The Bureau has found these alternative submissions useful tools when setting the actual operating year budget once an appropriation is signed.

FY 2006 Request Parameters: For FY 2006, missions are requested to limit their overall request level to no more than 10% above the FY 2005 level, excluding funding for HIV/AIDS. Relative priorities between sectors will be clarified through the distribution of the funding request. To avoid duplication in aggregating requests, missions should also make it clear in the FY 06 request narrative how much funding they anticipate receiving from the Bureau for Presidential Initiatives.

Performance: In the performance narratives, missions are asked to emphasize Bureau priorities, especially health, agriculture, education, and trade and report on the results achieved this year through private-public partnerships. Missions are also requested to include success stories at the bottom section of the SO narrative section. The Africa Bureau will send separate guidance on preparing success stories. Missions are also encouraged to report on the results of cross-sectoral programming in HIV/AIDS, gender mainstreaming, and other cross-cutting issues, where appropriate.

Missions with mature strategies (and/or SOs that extend beyond the life of a new strategy) are expected to report on SO-level impact results, not just inputs and outputs.

To further assist the Bureau in understanding results achieved this year, missions are strongly encouraged to share their current Performance Monitoring Plans (PMPs) with their Country Development Representative to supplement the information in the Annual Report.

Preparation Questions: Operating units with general questions about Annual Report preparation should contact their POSE Backstop: Ruth Buckley, East Africa; Sharon Pauling, West Africa; Janet Kerley, Southern Africa, or Steve Giddings, Division Chief, AFR/DP/POSE. Questions about program resources or CBJ sections should be directed to AFR/DP/PAB, Carrie Johnson or Paul Knepp. Questions about OE should be directed to Bureau Controller, Thomas Williams. Workforce questions should be directed to AFR/AMS, Merle Mukai. Questions about closeout reporting and reporting questions for twinned missions should be directed to Fenton Sands, AFR/DP.

B.   Asia Near East Bureau

Bureau Emphasizes Performance Linkages, Consequences of Partner Commitment, Quality Writing. This year ANE management requests that missions:

1. Specifically identify linkages between (1) performance and resource requests, and (2) results attained (or not attained) and host country commitment (political will and governance);
2. Indicate where non-developmental USG interests affect the requested funding level;
3. When asking for an increase in funds for an SO, explicitly describe the additional outcomes, services, or effect anticipated;
4. When adding or expanding an activity, specify which other activity will be reduced or eliminated or briefly justify doing neither if that is the case;
5. When reporting that targets were not met, missions should indicate the impact to the program of host country political will or counterpart commitment.
6. Quality writing is important including the use of active voice, appropriate USAID attribution for accomplishments, consistency in internal logic and candid objectivity.
7. Specifically identify and discuss how public-private alliances are being integrated into the Mission's strategic and implementation plans.

Preparation Questions: OUs with questions about narratives should contact Elyssa Tran ANE/SPO. For budget questions, please contact Robert (Bob) Hudec ANE/SPO.

C.   Europe Eurasia Bureau

When E&E operating units submit the AR through the application they should also e-mail to Sheila Cunningham (for Europe) and Pat Brown (for Eurasia) a budget that shows funds at the SO and activity level and that identifies the contractor/grantee. E&E operating units should not fill out the alternate FY 2005 and 2006 budget tables included with the application. To assist the E&E Bureau in a timely submission of the Annual Report, the E&E Program Office requests that the missions submit the application with their FY 2002 and FY 2003 appropriation data by pillar/sector under the SO Appropriation Table no later than November 14, 2003.   Based on prior experience with reconciliation of data, it greatly enhances the AR process to receive the Annual Report SO Appropriations Table data for FY 2002 and FY 2003 prior to the overall submission that is due on December 19.   In completing the pillar/sector breakouts for each appropriation, please ensure that your earmarks are appropriately entered. If the earmarks are not appropriately entered, it will send a flag to PPC that E&E is not meeting its earmarks and directives. Attributions to items such as GCC, microenterprise, water (including drinking water) should tie back to your commitments in the FY 2004 AR/Budget Justification last winter (for FY 2003 and FY 2004) and the FY 2005 BPBS process earlier this spring and mirror other reports that the field may have sent to PPC, through OPIN, etc.

At the end of FY 2003, both Pat Brown and Sheila Cunningham will be emailing you a control sheet that reflects your SO breakout, transfers and total country levels for both FY 2002 and FY

2003 to assist you in preparing the Budget Request by Program/Country data base information. The transfers will be entered here in Washington by DOS EUR/ACE.

Questions about budget levels should be addressed to Pat Brown (FSA) or Sheila Cunningham (AEEB). Questions about OE and workforce tables should be directed to Mario Rocha/Audrey Doman. Questions about the overall Annual Report should be directed to Jeff Evans.

D.   *Latin America and Caribbean Bureau*

In your narratives, missions are asked to emphasize Bureau priorities, especially trade, anticorruption, and alternative development, where appropriate.

Format. Please pay particular attention to the Agency's list of official SO titles and numbers. If you have any questions on this please contact or Sue Hill in LAC/SPO. For objectives that have not yet been approved by the Agency, use the country code followed by three letters (e.g. XXX) as the SO number. Use a new set of three letters for each unapproved objective.

Missions are asked to consult with ADS 201.3.11.1 and the LAC/SPO data base (see number 11 under http://inside.usaid.gov/LAC/docs/lac_so_detail1.rtf) to determine if planned obligations are within authorized levels for the life of each Strategic Objective.   If the Mission anticipates the need for an increase in authorized levels beyond the Mission's authority, the amount of the proposed increase and purpose should be stated in the cover memo.

Budget. FY 2006 Alternative Budget: in addition to the FY 2006 base budget (which will reflect mission priorities at the Bureau control levels), LAC missions are required to complete the FY 2006 Alternative Budget. This can be done by selecting "FY 2006 Alternative" from the account drop-down in the SO Appropriation Table and completing all of the sector tables for this alternative scenario. For the FY 2006 Alternative, use a budget increased no more than 10% from the FY 2005 level, assume there are no earmarks or other restrictions, and structure the budget to reflect the mission's priorities.   That is, Missions should avoid putting the increased funding in all sectors and programs equally, but should rather focus on one or two programs that the Mission believes are of the highest priority. Missions should also highlight in the Resource Request Narrative, the rationale for the proposed increases, and indicate how performance influenced those decisions. The Bureau has found these alternative submissions to be very useful tools when preparing the BPBS, determining priorities, and in informing other budget decisions.

The budget should also reflect the missions PD&L needs for upcoming Assessments that do not fall within the sectors of your current Strategic Plan (See ADS 201.3.3.5). The Bureau will notify PD&L needs on the mission's behalf and reduce the mission's OYB accordingly.

Preparation Questions. Operating units with general questions about Annual Program Submission preparation should contact their SPO backstop corresponding to their sub-region: Central America and Mexico: Donald Soules; South America, Caribbean, and PD&L: Abdul Wahab. For questions regarding program resources contact Janet Rudasill-Allen or Rita Hudson. For questions regarding OE and PD&L resources, contact the LAC Bureau Controller or Beth Cypser.

IV.   Washington Review

While there is no prescribed format for review of the Annual Report, PPC has found that the following are best practices:

➢ Review all cover memos. Ask: Can issues raised in the Cover Memo be addressed with information supplied in the Annual Report? If so, then there is no reason to conduct a formal review of the AR. If not, it may be necessary to organize a review with operating unit representation.
➢ Sector or technical review teams and Sector Councils will be reviewing the Annual Report for the following purposes: 1) for general understanding of field programs, both bilaterally and in a global context; 2) to provide sector performance information for the Bureau Program and Budget Submission (BPBS) and Agency Annual Budget Submission (ABS) to OMB.
➢ Technical offices are asked to refrain from reviewing Annual Reports until they are posted on the Annual Report Database website on CDIE. Posting on this site indicates that bureaus have completed data verification.

The Annual Report narratives must contain sufficient performance information at the SO level -- and may also describe activity level performance as appropriate – to inform the Bureau Program and Budget Submission. However, the Annual Report is not intended to supply technical offices with indicator data at the activity level. To address a continuing need for activity level information, intensive, mid-course implementation reviews of an operating unit's performance, including careful examination of the PMP, should be done at least once every three years (See ADS 203.3.10 for guidance on Mandatory Triennial Program Reviews). Operating units are also encouraged to share their performance data with their technical colleagues in Washington at any time. In addition, PPC encourages regional bureaus to hold annual face-to-face consultations with each field mission to discuss program performance. These annual consultations should reduce paperwork while expanding understanding. These consultations are not necessarily linked to review of the Annual Report: they may be held in the field or in Washington and may be held at any time of year. Some bureaus, however, may wish to use submission of the Annual Report as the occasion to schedule these annual consultations.

Bureaus will review and respond to issues raised in the Annual Report cover memo and in the Annual Report immediately following the Bureau Program and Budget Submission reviews or as soon as the necessary information to respond becomes available unless other arrangements are worked out. At a minimum, missions will receive an e-mail reporting when cover memo issues will be addressed. Management Agreement cables or letters will be prepared when there are specific changes to the Management Agreement and/or the strategic plan.

Guidance Annex I: *Summary of Notification Guidelines*

The following information is provided to assist you in determining when the CBJ can/cannot serve as notification.

The FY 2005 CBJ **can** serve as notification of FY 2004 funding in the following circumstances: A new SO; an increase in fiscal year funding (above 10 percent for DA and CSH); an increase of $5 million or more for life of SO; addition of a new account for funding; and substantial change in SO purpose or activity.

The CBJ **cannot** serve as notification for programs that are subject to separate notification by legislation. The legislative exceptions currently in effect (based on FY 2003 Consolidated Appropriations Act) are:

- Global Development Alliance. Prior to obligating any funds managed by or allocated to the GDA Secretariat.

- Capital Investment Fund. Prior to obligating any funds under this heading, and any rental payments accruing to USAID relating to construction financed by the CIF appropriation.

- Lebanon ESF. ESF made available for the central government of Lebanon.

- Sudan ESF. ESF made available for assistance to the national Democratic Alliance of Sudan.

- Military Coup. Democratization assistance provided, under the authority of section 508, notwithstanding (1) that section's general prohibition on assistance to the governments of countries whose duly elected head of government has been overthrown by decree or military coup, or (2) pursuant to a determination that a democratically elected government has taken office.

- Former Soviet Union. Section 517(d) requires prior notification of NIS (or FSA) funding for the Russian Federation, Armenia, Georgia, and Ukraine.

- Special Notification Countries. Section 520 requires prior notification of obligations for Colombia, Liberia, Serbia, Sudan, Zimbabwe, Pakistan, and Democratic Republic of Congo. [Note: Haiti has been dropped from the list.]

- China. Section 526 requires prior notification of certain democratization assistance for the People's Republic of China, Hong Kong and Tibet authorized by that section.

- Muslim Countries. Section 526 also requires notification prior to obligating ESF assistance for certain democratization programs in countries with significant Muslim populations.

- Terrorist Countries. Section 527(b) requires notification 15 days before Presidential waiver takes effect for bilateral assistance to any country that grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or supports international terrorism.

- Cash Transfer and Nonproject Assistance. Section 529 requires prior notification of nonproject sector and cash transfer assistance using DA or ESF, as well as prior to waiving the separate account requirement for nonproject sector assistance.

- Trafficking in Persons. The obligation of funds to combat the trafficking in persons, pursuant to sec. 534(a) may be made notwithstanding any other provision of law and is subject to prior notification.

- NGO Authority. The obligation of funds, pursuant to the authority in section 537 to provide assistance through NGOs notwithstanding certain provisions of law, is subject to prior notification.

- Earmarks. Section 538 requires prior notification of any reprogramming of earmarked funds, the obligation of which is made impossible by operation of any provision of law.

- Burma. Section 558 requires prior notification of ESF assistance obligated under the "Burma" heading.

- Enterprise Funds. Under section 559, prior to the winding up of the activities of an Enterprise Fund, a plan for the distribution of the Fund's assets is to be submitted to the Committees on Appropriations in accordance with regular notification procedures.

- Iraq. Section 567 requires prior notification of ESF assistance, notwithstanding any other provision of law, for programs benefiting the Iraqi people and to support efforts to bring about a political transition in Iraq. [Note: The proviso of section 507 requiring 5-day prior notification of assistance or financing for Iraq expired with enactment of the FY 2003 Wartime Supplemental.]

- Jamaica and El Salvador Police Assistance. Section 582 requires prior notification of assistance for community-based police assistance programs in Jamaica and El Salvador.

Guidance Annex II: *Other Program Elements and Activities Not Managed by Country-Based USDH Staff. ADS 203.3.9*

Missions should use the Activities Not Managed in Country database (ANMIC) to track programs or activities that are being undertaken in your country but not managed by your mission. This database is available at the following web address: http:/cdie.usaid.gov/pmdb/npc_form.cfm. The database contains a sort function that allows you to identify activities for your country only. If activities in this database appear not to have been updated recently, please contact the activity manager listed at the bottom of each activity page, or the director of the office indicated, to confirm

that the activity is still ongoing. In addition, if your Mission is aware of activities not managed by your mission that are taking place in your country and are not included in this database, please pass this information to Parrie Henderson-O'Keefe in PPC so that follow-up action can be taken. Any questions about the database may also be directed to Parrie.

Guidance Annex III: *Program Performance Summary Checklist*

Requirement	Check
What is the country setting? Who are the beneficiaries of USAID resources and how are they benefiting? How does your program address a specific interest, problem or need and how is it designed to make a unique contribution to addressing the interest, problem or need? Please answer this last question in the context of other USG and other donor efforts.	
What are the most important challenges your operating unit has faced and how has it dealt with them?	
What are the key achievements of the program for this reporting period? At their discretion, operating units may also choose to mention their Global Climate Change (GCC) (See below for mandatory GCC reporting requirements) and Global Development Alliance (GDA) related progress, including how alliances affect the choice of programs, and how they are integrated into programs as a way of involving private partners in USAID's development agenda.	
When stand-alone, non-emergency Title II resources do not contribute directly to a strategic or special objective, operating units are asked to make note of stand-alone programs by addressing briefly (1) the contribution of these resources to food security in the country; and (2) the effectiveness of the programs supported with these resources in achieving results agreed upon in the relevant Development Activity Proposal (DAP).	
Indicate if your country is sliding into increased conflict or violence or is not climbing out of it. Whether/how conflict is affecting program operations and performance, and how the operating unit is dealing with it.	
What are the gender implications of your program and how does your program address gender disparities?	
Operating units should indicate where trade capacity building fits in their programs. Those with specific activities should highlight their focus and indicate whether they are responding to assistance needs from host country governments, and/or demonstrating that USAID is working in coordination with other USG agencies or multilateral organizations such as the OECD, UNDP, UNCTAD, the World Bank, or the World Trade Organization.	

Guidance Annex IV: *Environmental Compliance.*

Required of all operating units (ADS 204.5.3) and is composed of:

a) A list containing activities or sets of activities that might need a new or amended Initial Environmental Examinations (IEE) or Environmental Assessments (EA) in the coming year, and a timeframe for approval (see 22 CFR 216). If none are anticipated, please so state. The purpose of this requirement is to ensure this work is budgeted for by the operating unit and integrated into the OUs work as well as the Bureau Environmental Officer's work thereby avoiding problems or delays since funds cannot be obligated without an approved Categorical Exclusion (CE), Initial Environmental Examination or, if required, an approved Environmental Assessment. Preparation, review and processing times need to be incorporated into planning. As a reminder, Regulation 216 requires amended IEEs, CEs or EAs for substantive activity amendments or extensions, and/or when ongoing programs are revised to incorporate a significant change in scope or nature. For further information, please contact your bureau environmental officer.

b) A brief statement of whether ongoing Strategic Objectives and related activities are in compliance with their approved Initial Environmental Examinations, Categorical Exclusions, or Environmental Assessments (when done). For activities not in compliance, the OU shall indicate what corrective actions it will take and by when to bring the SO into compliance as soon as possible. The purpose of this requirement is to provide an annual check of whether the OU and its SO teams are meeting the legal requirements of compliance. Indicating whether an SO is in compliance should not be taken lightly and each SO team is accountable for the statement concerning their SO. SO teams are responsible for managing their SOs and related activities to keep them in compliance with Reg. 216 throughout implementation.

Guidance Annex V: *Assessing Operating Unit Program Performance – The SO Indicator Table*

The Freedoni model of the performance narratives now contains examples of the new method of performance information collection. Please examine them closely.

Rather than use the mission's self-assessments of "failed to meet," "met," or "exceeded," you will be submitting two pieces of information from which Washington will assess SO-level performance. This assessment will take place in the spring as part of the Bureau Program and Budget Submission process. First, you must include the actual indicators against which you decided to evaluate your SO performance. In addition, you will be asked to state the relative importance of your indicators according to their relevance the operating unit places on them toward measuring the progress of the SO on a scale of one (1) to five (5), with a five being the highest score and one being the lowest.

What should you consider when determining the contribution of an indicator in measuring SO progress? ADS 203.3.4.2 on Characteristics of Good Performance Indicators may provide you with useful guidance. One factor might be the "age" of your SO. For example, early in the life of an SO, indicators at the activity or Intermediate Result level might have a score of 5, whereas an indicator at the SO-level – for which you would expect to see little impact – might get a score of 1.

On the other hand, late in the life of an SO, the SO-level indicator should be expected to get a high score of 5 as we approach the end of the SO since presumably the SO-level indicator measures whether or not we are about to achieve the SO. At that point, an indicator at the IR or activity level should probably receive a lower score.

Another factor that could possibly affect the score of an indicator is whether or not the indicator is direct or a proxy (see ADS 203.3.4.2 a). Direct indicators might warrant a higher rank (say, a five) than a proxy indicator (with a rank of one). This would be left to the discretion of the OU.

The point is that we hope to establish some measure of data validity: how closely do the indicators measure what they are supposed to measure (that being the "problem solved" as articulated in the SO). Some indicators may be ranked equally, but all should not be.

Rules for data entry into the indicator table:

1. One indicator per line and one observation per cell. Do not enter multiple observations into one cell. For example, if your operating unit tracks male, female, and total, this represents THREE indicators with only one observation each year for each of them.

Example of a good entry:
Total enrollment (000's)	550
Female enrollment (000's)	220
Male enrollment (000's)	330

Example of a bad entry:
Enrollment (male, female and total in 000's)	550/220/330

2. Specify the unit of measurement in the indicator title not in the data entry cell.

Example of a good entry:
National Gross Enrollment Rate at primary level (Grades 1 – 8) (%)	15

Example of a bad entry:
National Gross Enrollment Rate at primary level (Grades 1 – 8)	15%

3. If you reference a source, do that in the indicator title, not in the data entry cell.

Example of a good entry:
Number of Children receiving DPT in region A (000's) (Source: DHS)	20

4. Translate qualitative indicators into numerical codes. If you feel that you cannot, then please simply enter in the "actual" column a 1 if you met your target or a 0 if you failed to meet it. The application will ONLY allow numbers to be entered into the target and actual cells of the table. If an observation is NA or N/A PLEASE LEAVE THE CELL BLANK!

Examples:
Indicator	Target	Actual
Tax law passes parliament (pass=1, fail=0, partial=.5)	0	1

Tax law passes parliament (drafted=1, negotiated=2,   1   1
                 Brought to floor=3, passed=4)

5. The indicator and data observations must make sense. Examples of bad indicators:

Indicator	Target	Actual
New Judicial Codes Adopted by National Assemble	PC approve	PC partial

(The indicator suggests a numerical outcome whereas the observations are qualitative and unexplained)

Mandatory Training of Newly Appointed Judges	Training	Yes

(What is the target? What does "Training" mean?)

Failure to follow these rules will require USAID/Washington to reject improper indicators and may result in an inaccurate assessment of SO performance for that SO or an assessment that contradicts the SO performance narrative.

Guidance Annex VI: *SO Level Narrative Checklist*

Requirement	Check
Discuss the key achievements of the SO for this reporting period.	
Discuss what management changes (to staff, to an activity, to an implementer, etc.) you made over the past year as a result of performance. Discuss candidly constraints your operating unit faced and how they have been addressed. What did you do to make the program work better? Given those changes, what are the expected accomplishments over the next reporting period, i.e., what are overall prospects for progress through FY 2005, including actions to overcome factors impeding progress?	
What is the impact of host country commitment on program performance? Has that commitment changed over the life of the objective or are any changes anticipated that might affect performance?	
Have you addressed any strategic planning and implementation deficiencies? Are there any considerations that prevent you from managing for results?	
Discuss in this section, as appropriate, the performance of activities funded by mission field support transferred to pillar bureaus and Development Credit Authority resources. (NOTE: the requirement for discussion of the performance of such activities does not imply that field missions are to assume responsibility for management of and/or all reporting on these activities. In preparing this portion of the Annual Report, field missions should consult with pillar bureaus and with DCA to describe accurately the performance of such activities)	
Where Title II and dollar-funded activities are integrated to support one or more strategic or special objectives, include a brief description of the contribution and effectiveness of P.L. 480 resources to enhanced food security in the country as it will form the basis of the Agency's performance assessment for integrated programs. Indicate if data, such as nutritional status, is provided to strengthen this assessment.	

Requirement	Check
Relay any critical gender issues and/or dynamics. What gender factors are critical to the achievement of the SO? How does the program mainstream gender? How will gender biases, where applicable, be improved?	
Presidential Initiatives reported under the appropriate Strategic Objective? Results achieved with the Presidential Initiative funding clearly indicated?"	
Discuss any GDA's or other leveraged public-private alliances your operating unit is currently participating in, identifying the key partners participating in the alliance, results being achieved by the alliance and their relationship to the SO, and the value-added being contributed by the partners .	

Guidance Annex VII: *Resource Request Checklist*

Requirement	Check
Explain how subsequent to strategic plan approval, significant unexpected changed circumstances (note: these were to be mentioned in the cover memo), such as country commitment, need, other donor support, or foreign policy interests, have affected your FY 06 request for funds.	
If you have the option of requesting DA, ESF, P.L. 480 or other funds, explain the choice of funds to be used, particularly ESF v. non-ESF. Operating units should consider how the intended use reflects the intended development purposes of the various funds. How do these choices reflect strategic budgeting? Use ESF levels consistent with the MPP and indicate how these resources will be used.	
Specifically state how performance and pipeline have affected your budget request, especially for SOs not meeting expectations and repeated poor performers.	
Indicate how you will meet important earmarks, directives, and Presidential initiatives.	
Some operating units believe that their FY 05 control levels do not provide them with the correct mix of resources to achieve the results proposed in their strategies. In these cases, operating units may submit an alternative FY 05 budget request that shows sector and account levels that may be different from the approved Bureau FY 05 CBJ controls, once they are set. This can be done by selecting the "FY 05 Alternative" table in the application. Providing an alternative FY 05 budget scenario is an option, not a requirement. The application also provides an FY 06 alternative table. If you use an alternate table, please discuss your reasons for using it here.	
If you have completed a conflict vulnerability assessment since your strategic plan was approved, indicate whether and how the findings of that assessment have affected your budget request.	
Identify those resources that are planned for public-private alliances. What are operating unit plans for developing public-private alliances and what is the impact on your budget request? Explain how leveraged resources will be brought to the alliance activity and how effectiveness will be monitored and evaluated. When in-kind resources are part of the public private alliance, indicate the cash value of the contribution. If management of programs require	

relatively higher staffing or OE in relation to USAID program funds due to the nature of GDA alliances, please explain.	

Guidance Annex VIII: *Performance Measures*

For this Annual Report, the requirement for performance reporting has two aspects:

a) <u>Significant Results</u>. Each unit is asked a yes/no question as to whether it has achieved a 'significant' result this year related to a "USAID Objective." Note that we do not expect that every operating unit will achieve a significant result toward each USAID Objective every year. A 'significant result' is one that demonstrates that USAID is making a recognizable difference in the country where it is working. Achievement of intermediate results or strategic objectives is the most common type of 'significant result'. Operating units may characterize particularly important milestones achieved as "significant results." The purpose of this question is to provide AID/W with examples of country level impact of USAID activities. It is essential that this impact be described, so space is provided in the performance table (the column labeled "Description of the OU Response.."); operating units may also wish to discuss them in the Performance Narrative section.

b) <u>Other Performance Measures</u>. The shape of an operating unit's portfolio should drive the indicators on which it reports, not visa versa. This year, if an operating unit portfolio addresses a Performance Goal and does or can use one of the indicators included in the list of Performance Measures to measure performance against the SO or intermediate results for that SO, the operating unit must report data for that indicator. For example, if an OU has an environmental objective addressing improved land management, and it does or can use (as a progress measure) the number of hectares under approved management plans, it must report that number. Similarly, if the OU has an HIV activity involving condom distribution and it does or can use the number of condoms distributed to measure progress, it must report numbers of condoms distributed. However, if the OU's portfolio does not address the particular subject, or the indicator is not appropriate for reporting progress against the mission's SO, it is NOT required to report against it. For example, if an HIV program does not have a maternal to child transmission (MTCT) component, the OU is NOT required to report on the MTCT indicator. When reporting on an indicator, the column labeled "Description of the OU Response…" should be used to provide any necessary additional information about the answer provided. For example, to describe the tools used for conflict-related programs by the mission (per the indicators under Performance Goal 1) or to elaborate on an answer. Exceptions to reporting on an indicators are, (1) if the indicator is one that is noted as new for this year (new indicators are marked with an asterisk (*)) and the operating unit has not been collecting it, or (2) if a data quality assessment (DQA) has not been done on the indicator within the last three years (please note, there are indicators in this list, e.g. the yes/no questions under the democracy goal, for which a DQA would not apply and OUs should be able to include a response to the question).

All indicators reported in the following sections of the Annual Report must have had a data quality assessment (DQA) done within the past three years, as described in ADS 203.3.5: 1) the Performance Measures table and 2) all indicators that the mission uses to determine whether an SO is meeting targets or not. A DQA reports the degree of confidence that the operating unit has in the

quality of data it is reporting; it does NOT imply that the operating unit is vouching for the accuracy and reliability of all data reported and it does not imply that the indictor is valid for measuring the performance of the SO. Please see ADS 203.3.4.2 and ADS 203.3.5.1 for the differences between characteristics of good performance indicators verses data quality standards. Operating units, however, MUST be fully candid in disclosing all known limitations of the data they present in this Annual Report.   If no DQA has been done on a particular indicator then operating units must not report it, and must not use it to determine whether targets have been met.

To the extent possible, operating units should report only Fiscal Year 2003 data. If the data you report is for a calendar year or other period, this MUST be noted. For health data obtained via a DHS or other comparable surveys, report only those data that were first available (either preliminary or final) during FY 2003.

All performance information provided in this section of the Annual Report must be plausibly attributable to USAID assistance. See ADS 203 for a discussion of issues concerning attribution. In brief, even if the contribution of other actors to a given result was greater than that of USAID, but still the result would not have occurred without USAID's efforts, it is legitimate to assert that this result is "plausibly attributable" to USAID assistance. In these situations, the narrative should briefly state USAID's contributions, e.g.," in a multi-donor effort supporting primary education to 40,000 children, USAID assisted by designing a gender-sensitive, knowledge-based curriculum."

To the extent possible, field missions should report data reflecting direct USAID assistance (e.g., number of hectares under approved management plans in districts receiving USAID assistance). Some data, by its nature, will be at the national level such as when missions use Demographic and Health Survey (DHS) or other national survey data. Whenever necessary, missions should specify in the Data Quality column of the Performance Measures table the level (national or sub-national) at which they are reporting.

Public Private Alliances. Where a public-private alliance has contributed to the achievement of a significant result reported under an SO, please report that information under the GDA section of the Performance Measures Table. For each alliance which has contributed to a significant result, please give the number of the SO(s), the name of the alliance, the leveraging ratio (see below), a description of the significant result achieved through the alliance, and the names of the major resource and implementation partners. If a single alliance has contributed to results achieved under more than one SO, please select only on SO under which to report it in the table, and use the SO narrative section in the text to identify any other SO results it has supported.

The leveraging ratio, which should be provided for each individual alliance reported, should be calculated as the ratio of total planned partner contributions to the total planned USAID contributions. Partner contributions should include both cash and estimated cash value of in-kind contributions. For purposes of calculating the leveraging ratio, please include the estimated total of USAID obligations planned over the life of the activity or program being carried out by the alliance, and the total of partner contributions pledged over the life of the alliance. Partner contributions may NOT include any funding from other USG partners. Only alliances that have a minimum leveraging ratio of 1:1 must be reported; alliances with a leveraging ratio of less than 1:1 may be reported but are not required.

Guidance Annex IX: *Workforce Sub-table on Cost Accounting*

Our post-mortem review determined a new construction for the collection of workforce and program support costs would significantly reduce the workload to the field while obtaining for USAID/W more of the information we need. The information collected will allow us to (1) plan our Agency's workforce needs, (2) develop data tables to assist in our long-range cost-to-program planning, (3) respond to the five areas of the President's Management Agenda, and (4) respond more quickly to the requests of the State Department's MPP .

For each position in your operating unit, press the add button next to the position's backstop, then select a funding and employment type. For USDH positions you will be prompted for service and grade, otherwise you will enter the cost of the position as described below. All information must be completed for all years to FY 2006 and to FY 2007 for workforce planning only. For each position, you will be required to identify all fiscal years that the position is needed. For those bureaus that require missions to provide an alternate level of resources for FY 2005 and FY2006, the database now includes an opportunity to identify additional positions that may be needed to implement the enhanced program level. If a position is only required to handle additional workload that would arise under the alternate program, then you must check the box FY 2006 alternate, and not the box for FY 2006 request. However, any position that is needed at the request level is assumed to also be required at the enhanced/alternate level. Therefore, both the FY 2006 request level and the FY 2006 alternate level boxes should be checked if the position is needed to meet workload requirements corresponding to the FY 2006 program request level. The information in the out-year tables will clearly be estimates for budget planning purposes ONLY. Nonetheless, your compliance on this is critical to the Agency.

If you select DH FSN, since salaries and benefits vary by mission, please enter the U.S. dollar value of annual salaries and benefits for that position.
Non-USDH Staff costs. For non-direct hire, contracted staff, it is expected that you will draw the cost estimates directly from hiring contracts with these individuals. Operating units should use the average annualized cost of the personnel and support cost over the life of the contract, rather than levels obligated for the year, for example, if the total contract cost for an individual is for two years, divide the total amount by two and enter it for the two separate years. Contract costs should be fully loaded. This is perfectly acceptable as this represents the full cost to the SO, etc.

Personnel to be reported on should be those included in the "Quarterly USAID Worldwide Staffing Pattern". For more information, please contact Eileen White, PPC/RA and or Maribeth Zankowski, M/HR.

Guidance Annex X: *Application Basics*

Spell checking: Right click your mouse on any text field box in the narrative section of the application to perform spell checking.

SO Title change: To change a SO title, go to the "Tools" menu on the opening screen and select "Change Strategic Objective Name."

Expand text box: To expand the size of any text field box in the narrative section, double-click inside the box. There are no page limitations to the text field boxes in the performance narrative section. The two-page limit on the CBJ data sheets and Country Overview are imposed in order to limit the size of the Budget Justification to be sent to Congress.

Context-sensitive Help: Help: Help is always available from the top toolbar "Help" menu. Each section or table of the application, such as the U.S. Financing Table, Program Data Sheet, etc. will have help applicable to that section only. From the main menu Help toolbar you can also obtain a copy of the Annual Report Guidance, help on transmission of the application via email, under "Email", notes on new releases of the application if necessary, under "Releases" and information on the version of the application you are running, under "About."

Footnotes: The US Financing table includes the option of adding one or more footnotes describing an SO's special circumstances. These footnotes will appear in the US Financing documents produced in Washington for the CBJ. Any supplemental appropriations entered in the SO Appropriations table will also appear on CBJ documents - both in the Program Summary and US Financing tables.

Printing: Reports generated from the narrative annual report sections will print all required sections regardless of whether they have been completed. Optional sections will only be printed if they have been filled out. This should assist users in determining whether they have completed all required sections of the annual report."

Results Framework Table: We received many criticisms that the RF portion of the application was not connected to the rest of the AR application. This year, the RF portion will be linked to the rest of the application, but as a result we are unable to prepopulate it with the results frameworks from last year.

Please refer to the Annual Report Application Guide for further details on the application. A copy of this guide will be emailed to the program and budget contact person in each operating unit and will also be available from the annual report website.